WEEKLY ECONOMIC REVIEW

July 18, 2008

Following a strong performance in April, the value of Alberta's manufacturing shipments in May surged 8.5% from the previous month. 9 of the 14 industries (with data available) reported month-over-month gains, led by petroleum and coal products (+14.6%) and machinery (+21.9%) which mainly supplies oil-field projects. Year-to-date, total manufacturing shipments are now up 0.6%. Nationally, manufacturing shipments grew by 2.7% from the previous month but still down 4.2% year-to-date.

After a drop in April, the sale of new vehicles in Alberta in May rebounded by 4.4% from the previous month. However, compared to May 2007, sales were down 3.6%. Canadian new car sales also increased by 1.1% after a three consecutive months of decline.

In May, the value of wholesale trade in Alberta rose for the fifth straight month, increasing by 4.7% from April. Compared to the same month in 2007, wholesale trade surged 18.3%. Nationally, wholesale trade grew by 2.9% from May 2007.

Amid a slowing U.S. economy and surging commodity prices, the Bank of Canada kept its overnight rate at 3%. The stand-pat decision was widely anticipated by analysts. The Bank projected inflation to peak above 4.0% in the first quarter of 2009.

Cdn Dollar (USc/CS)

July 18, 2008	99.5
July 11, 2008	99.1
2008-09 YTD	99.0

WTI Oil US$/bbl

July 17, 2008	$ 129.29
July 10, 2008	$ 141.65
2008-09 YTD	$ 126.33

Nymex Natural Gas CS/MMBtu *

August Contract

July 18, 2008	$10.74
July 11, 2008	$12.54

*Estimate based on Nymex Futures Market Price

Soaring food and energy prices sent the U.S. CPI inflation rate to 5.0% in June, its highest annual figure since 1991. There are also signs of broader price pressures as core inflation rose 0.3% from May, lifting the annual rate to 2.4% in June.

The International Monetary Fund (IMF) raised its global growth forecast for 2008 from 3.7% to 4.1% following better-than-expected performance in the early part of 2008. The IMF also noted mounting inflationary pressures, particularly in emerging economies.

Energy markets remain unsettled as oil prices rose above US$130 today after plunging by more than US$12 to US$129.29/bbl on Thursday (compared to last week's close). The drop was largely fuelled by worries that a weaker U.S. economy would undermine demand.

Economic Indicators Released this Week	Reference Period	Month/Previous Month (M/M)	Month/Previous Year's Month(Y/Y)	Year-to-date[1]
Manufacturing Shipments (Millions)[2]	**May**			
Alberta	6,182.7	8.5%	8.0%	0.6%
Canada	51,417.2	2.7%	-1.3%	-4.2%
Wholesale Trade ($ millions) [2]	**May**			
Alberta	5,774.5	4.7%	18.3%	8.2%
Canada	44,202.5	1.6%	2.9%	0.6%
New Motor Vehicle Sales (units) [2]	**May**			
Alberta	20,409	4.4%	-3.6%	-3.0%
Canada	145,224	1.1%	0.0%	4.3%

Source: Statistics Canada. [1]Year-to-date compared to the same period in the previous year. [2] Seasonally adjusted.

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